State of Arizona House of Representatives Forty-fifth Legislature Second Regular Session 2002

CHAPTER 250

HOUSE BILL 2447

AN ACT

AMENDING SECTIONS 11-972, 12-1116, 12-1122, 12-1123, 12-1129, 28-7098, 28-7100 AND 28-7153, ARIZONA REVISED STATUTES; RELATING TO CONDEMNATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

 Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 11-972, Arizona Revised Statutes, is amended to read:

11-972. <u>Litigation expenses</u>

- A. The court having jurisdiction of a proceeding instituted by an acquiring agency to acquire real property by condemnation shall award the owner of any right TO, or title to, or interest in such THE real property, such sum as AN AMOUNT THAT will reimburse such THE owner for his THE OWNER'S reasonable costs, disbursements and expenses, including reasonable attorney, appraisal and engineering fees actually incurred because of the condemnation proceedings if either ANY of the following occur OCCURS:
- 1. The final judgment is that the acquiring agency cannot acquire the real property by condemnation.
- 2. The proceeding is abandoned OR DISMISSED ON A MOTION by the acquiring agency.
- B. Where IF an inverse condemnation proceeding is initiated by the owner of any right, title or interest in real property because of the alleged physical taking of his THE OWNER'S property for any public purpose, the court, rendering THAT RENDERS judgment for the plaintiff in such THE proceeding and awarding THAT AWARDS compensation for the physical taking of property, or the acquiring agency effecting THAT EFFECTS a settlement of any such proceedings, shall determine and award or allow to such THE plaintiff as a part of such THE judgment or settlement such sum as will AN AMOUNT THAT, in the opinion of the court or the acquiring agency, WILL reimburse such THE plaintiff for his THE PLAINTIFF'S reasonable costs, disbursements and expenses, including reasonable attorney, appraisal and engineering fees, actually incurred because of such THE proceeding.
 - Sec. 2. Section 12-1116, Arizona Revised Statutes, is amended to read: 12-1116. Actions for condemnation: immediate possession: money deposit
- A. All actions for condemnation shall be brought as other civil actions in the superior court in the county in which the property is located.— EXCEPT THAT, AT LEAST TWENTY DAYS BEFORE FILING AN ACTION FOR CONDEMNATION OF PROPERTY OR ANY INTEREST IN PROPERTY, THE PLAINTIFF SHALL DELIVER TO THE PROPERTY OWNER OF RECORD AND THE SOLE LESSEE OF RECORD, IF APPLICABLE, ACCORDING TO THE RECORDS OF THE COUNTY RECORDER IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED:
- 1. A WRITTEN OFFER TO PURCHASE THE PROPERTY OR INTEREST IN THE PROPERTY AND TO PAY JUST COMPENSATION FOR THE PROPERTY OR INTEREST IN THE PROPERTY AND FOR ANY COMPENSABLE DAMAGES TO ANY REMAINING PROPERTY. THE OFFER MUST CONSTITUTE THE PLAINTIFF'S ESTIMATE OF JUST COMPENSATION.
- 2. ONE OR MORE APPRAISALS THAT SUPPORT THE AMOUNT OF THE PROPOSED COMPENSATION.

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- B. EXCEPT FOR SPECIAL TAXING DISTRICTS FORMED PURSUANT TO TITLE 48, CHAPTER 17, IF NO LEASE IS RECORDED OR IF MORE THAN ONE LEASE IS RECORDED FOR THE PROPERTY WITH THE COUNTY RECORDER OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, AT LEAST TWENTY DAYS BEFORE FILING AN ACTION FOR CONDEMNATION OF PROPERTY OR ANY INTEREST IN PROPERTY, THE PLAINTIFF SHALL PROVIDE NOTICE OF THE OFFER AND APPRAISAL TO THE PARTY HAVING A PLAIN AND OBVIOUS COMMERCIAL OWNERSHIP OR OPERATIONAL INTEREST IN SUBSTANTIAL IMPROVEMENTS ON THE PROPERTY BY POSTING THE NOTICE IN PLAIN SIGHT AT THE PROPERTY THAT MAY BE SUBJECT TO CONDEMNATION.
- C. FOR SPECIAL TAXING DISTRICTS FORMED PURSUANT TO TITLE 48, CHAPTER 17, IF MORE THAN ONE LEASE IS RECORDED FOR THE PROPERTY WITH THE COUNTY RECORDER OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, AT LEAST TWENTY DAYS BEFORE FILING AN ACTION FOR CONDEMNATION OF PROPERTY OR ANY INTEREST IN PROPERTY, THE PLAINTIFF SHALL PROVIDE NOTICE OF THE OFFER AND APPRAISAL BY DELIVERING TO ALL PROPERTY INTEREST HOLDERS OF RECORD THE NOTICE THAT AN OFFER HAS BEEN MADE AND AN APPRAISAL HAS BEEN CONDUCTED.
- D. IF A LESSEE THAT IS NOT NOTED IN THE RECORD OF THE COUNTY RECORDER AND HAS A COMMERCIAL OWNERSHIP OR OPERATIONAL INTEREST IN SUBSTANTIAL IMPROVEMENTS ON THE PROPERTY REQUESTS A COPY OF THE OFFER AND APPRAISAL THE PLAINTIFF SHALL PROMPTLY COMPLY WITH THE REQUEST ON PRESENTATION OF DOCUMENTATION BY THE LESSEE OF THE LESSEE'S INTEREST IN THE PROPERTY.
- C. E. At the time of filing the complaint, or at any time thereafter AFTER FILING THE COMPLAINT, the plaintiff may apply to the court for an order permitting him THE PLAINTIFF to take possession of and use the property sought to be condemned for the purpose prayed for.
- F. THE SUPERIOR COURT MAY WAIVE THE REQUIREMENTS OF SUBSECTION A, B, C OR D OF THIS SECTION IF THE COURT DETERMINES THAT THE PLAINTIFF WILL SUFFER IMMEDIATE AND IRREPARABLE HARM THAT OUTWEIGHS THE PROPERTY OWNER'S OR LESSEE'S INTEREST.
- 8. G. Upon ON filing the application, the court shall set a time for a hearing. Notice shall be served upon ON the parties in interest by personal service within the state, or by publication if without the state, in such ANY manner as the court directs.
- C. H. On the day of the hearing, if it appears that the use for which the property is sought to be condemned is a necessary use, the court shall receive evidence as to the probable damages to each owner, possessor or person having an interest in each parcel of land sought to be condemned and of any unpaid property taxes which THAT have been levied, including penalties and interest, on the property sought to be condemned and may direct that on a deposit of money, on direct payment to each owner, possessor or person having an interest in each parcel, or if the condemnor is the state or a county, city, town or political subdivision of this state, on posting a bond in a form to be approved by the court, the plaintiff shall be let into the possession and full use of the parcels of land, as described in the order, for the purposes specified in the order.

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D. I. The plaintiff may deposit the money or bond with the clerk of the court or the state treasurer. The money or bond may be held for the use and benefit of each person having an interest in each parcel of land sought to be condemned, subject to final judgment after trial of the action, and may be held also as a fund to pay any further damages and costs recovered in the proceedings and any unpaid property taxes which THAT were levied as of the date of the order for immediate possession, including penalties and interest, on the property sought to be condemned, as well as all damages sustained by the defendant if for any cause the property is not finally taken for public use. The deposit of the money or bond shall not discharge the plaintiff from liability to maintain the fund in full, but it shall remain deposited for all accidents, defalcations or other contingencies, as between the parties to the proceedings, at the risk of the plaintiff, until the compensation or damage is finally settled by judicial determination, and the court awards such part of the money or bond as shall be determined to the defendant, or until the clerk or the state treasurer is ordered by the court to disburse it. clerk of the court or the state treasurer is liable to the plaintiff for the deposit or bond if it is lost or abstracted.

E. J. If the plaintiff elects to deposit the money or bond in the state treasury, the state treasurer shall receive the money or bond and return a receipt for the money or bond to the court, and the state treasurer shall safely keep the deposit in a special fund to be entered on the state treasurer's books as the condemnation fund. The state treasurer shall invest and divest monies in the condemnation fund as provided by section 35-313, and monies earned from investment shall be credited to the fund. treasurer shall disburse the money deposited and, if necessary, convert the investments to cash for the purpose of making the disbursements or forfeit the bond as the court may direct pursuant to its judgment. satisfaction of the judgment in a condemnation action and payment of any unpaid property taxes which THAT were levied as of the date of the order for immediate possession, including penalties and interest, on the property sought to be condemned, the excess, if any, of the deposit made regarding the action, including monies earned by the investment and reinvestment of the deposit, shall be returned by the state treasurer to the plaintiff by a warrant which THAT the department of administration shall issue upon direction of the state treasurer after having received a certified copy of the judgment and without regard to provisions requiring the filing of a claim against the state. Any monies remaining in the condemnation fund at the end of the fiscal year do not revert to the state general fund.

f. K. If the plaintiff elects to deposit the money or bond with the clerk of the court, the clerk shall receive the money or bond and return a receipt for the money or bond to the court, and the clerk is liable to the plaintiff if the money or bond is lost or abstracted. The clerk shall disburse the money or forfeit the bond as the court may direct pursuant to its judgment. Any money remaining in a deposit after the judgment of the

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court and all unpaid property taxes which THAT were levied as of the date of the order for immediate possession, including penalties and interest, have been fully paid shall be returned by the clerk to the plaintiff.

- 6. L. On application by any party, the court may order that money deposited with the clerk of the court or the state treasurer be paid to any owner, possessor or person having an interest in any parcel.
- H. M. Subject to court approval, the parties may also stipulate any of the following with any owner, occupant or possessor of any parcel:
- 1. To the amount of money that the plaintiff may deposit with the clerk of the court or with the state treasurer for any owner, occupant or possessor of any parcel.
- 2. To the amount of direct payment to any owner, occupant or possessor of any parcel.
- 3. To the payment of money deposited with the clerk of the court or the state treasurer to any owner, occupant or possessor of any parcel.
- 4. For the release of any bond on payment to any owner, occupant or possessor of any parcel.
- 1. N. A person in interest for whom a deposit has been made pursuant to stipulation for his THE PERSON'S withdrawal is entitled to interest on the amount that he THE PERSON is allowed to withdraw from the date the order for immediate possession is signed by the court pursuant to subsection C of this This person is also entitled to section until the date of withdrawal. interest on that portion of the final judgment, exclusive of costs allowed by the court, which THAT exceeds the amount which THAT is deposited for his THE PERSON'S withdrawal from the date the order for immediate possession is signed by the court until the judgment is paid. If the amount which THAT is withdrawn by any defendant exceeds the amount of the final judgment awarded the defendant inclusive of costs allowed by the court and any unpaid property taxes which THAT were levied as of the date of the order for immediate possession, including penalties and interest, on the property sought to be condemned, the defendant withdrawing the funds immediately shall repay to the plaintiff such THE excess, with legal interest from the date of withdrawal to the date of repayment, except that the amount that is necessary to pay any unpaid property taxes which THAT were levied as of the date of the order for immediate possession, including penalties and interest, on the property shall be paid to the county treasurer of the county in which the property sought to be condemned is located.
- J. O. Any stipulation which THAT is made or any evidence which THAT is introduced pursuant to this section shall not be introduced in evidence or used to the prejudice of any party in interest on the trial of the action.
 - Sec. 3. Section 12-1122, Arizona Revised Statutes, is amended to read: 12-1122. Ascertainment and assessment of value, damages and benefits
 - A. The court or jury shall ascertain and assess:

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- 1. The value of the property sought to be condemned and all improvements thereon ON THE PROPERTY pertaining to the realty, and of each and every separate estate or interest therein IN THE PROPERTY, and if it consists of different parcels, the value of each parcel and each estate or interest therein IN THE PARCEL separately.
- 2. If the property sought to be condemned constitutes only a part of a larger parcel, the damages which THAT will accrue to the portion not sought to be condemned by reason of its severance from the portion sought to be condemned, and the construction of the improvement in the manner proposed by the plaintiff.
- 3. How much the portion not sought to be condemned and each estate or interest therein IN THE PORTION will be benefited separately, if at all, by construction of the improvement proposed by the plaintiff. If the benefit is equal to the damages assessed under paragraph 2 of this subsection, the owner of the parcel shall be allowed no compensation except for the value of the portion taken, but if the benefit is less than the damages so assessed, the benefit shall be deducted from the damages, and the remainder shall be the only damages allowed in addition to the value.
- 4. If the property sought to be condemned is for a railroad, the cost of good and sufficient fences along the line of the railroad, and the cost of cattle guards where fences may cross the line of the railroad.
- B. As far as practicable, compensation shall be assessed for each source of damage separately.
- C. VALUE SHALL BE DETERMINED BY ASCERTAINING THE MOST PROBABLE PRICE ESTIMATED IN TERMS OF CASH IN UNITED STATES DOLLARS OR COMPARABLE MARKET FINANCIAL ARRANGEMENTS THAT THE PROPERTY WOULD BRING IF EXPOSED FOR SALE IN THE OPEN MARKET, WITH REASONABLE TIME ALLOWED IN WHICH TO FIND A PURCHASER, BUYING WITH KNOWLEDGE OF ALL OF THE USES AND PURPOSES TO WHICH IT WAS ADAPTED AND FOR WHICH IT WAS CAPABLE.
- C. D. For the purpose of assessing compensation and damages with respect to property sought to be condemned by this state for transportation purposes, in addition to subsections A and B of this section, the court or a jury shall assess compensation and damages pursuant to sections 28-7091 and 28-7097.
 - Sec. 4. Section 12–1123, Arizona Revised Statutes, is amended to read: 12–1123. Accrual of right to compensation and damages; limitation
- A. For the purpose of assessing compensation and damages, the right to compensation and damages shall be deemed to accrue at the date of the summons, and its actual value at that date shall be the measure of compensation and damages.
- B. If there is an order for immediate possession prior to BEFORE the final judgment, the compensation and damages awarded shall draw interest from the date the order is entered by the court. If the defendant is allowed to withdraw money deposited by the plaintiff pursuant to section 12-1116,

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subsection H, he M, THE DEFENDANT is entitled to interest on the money that he THE DEFENDANT is allowed to withdraw from the date the order for immediate possession is signed by the court until the date of the withdrawal.

- C. No improvements placed upon the property subsequent to the date of service of the summons shall be included in the assessment of compensation or damages.
- D. If an order is made letting plaintiff into possession prior to BEFORE the recording of the final order of condemnation, the plaintiff shall record the order in the office of the county recorder of the county or counties in which the property is located and upon ON the recording so much of the defendant's property as is affected by the order shall immediately be granted tax exempt status for future tax rolls and any unpaid property taxes which THAT have been levied, including penalties and interest, on the property shall be paid to the county treasurer in the county in which the property is located pursuant to section 12-1116.
 - Sec. 5. Section 12-1129, Arizona Revised Statutes, is amended to read: 12-1129. <u>Dismissal of condemnation action; litigation expenses</u>
- A. If a plaintiff causes a condemnation action under this article to be dismissed without prejudice before payment of the compensation and damages awarded the defendant by the court or jury, the plaintiff shall not initiate any eminent domain proceeding with respect to the same property for the same or a related project for at least two years after the date of the verdict or judgment.
- B. THE COURT HAVING JURISDICTION OF A CONDEMNATION ACTION UNDER THIS ARTICLE SHALL AWARD THE OWNER WITH ANY RIGHT TO, TITLE TO OR INTEREST IN THE PROPERTY THAT IS THE SUBJECT OF THE ACTION AN AMOUNT THAT WILL REIMBURSE THE OWNER FOR THE OWNER'S REASONABLE COSTS, DISBURSEMENTS AND EXPENSES, INCLUDING REASONABLE ATTORNEY, APPRAISAL AND ENGINEERING FEES, ACTUALLY INCURRED BECAUSE OF THE CONDEMNATION PROCEEDING IF ANY OF THE FOLLOWING OCCURS:
- 1. THE FINAL JUDGMENT IS THAT THE PLAINTIFF CANNOT ACQUIRE THE REAL PROPERTY BY CONDEMNATION.
- 2. THE PROCEEDING IS ABANDONED OR DISMISSED ON A MOTION BY THE PLAINTIFF.
 - Sec. 6. Section 28-7098, Arizona Revised Statutes, is amended to read: 28-7098. Appraisal; condemnation; initial offer
- A. Before filing a condemnation action to acquire property for transportation purposes pursuant to this article, the department shall obtain one or more appraisals that estimate the amount of just compensation for the proposed taking and damaging of the property.
- B. AT LEAST TWENTY DAYS BEFORE FILING AN ACTION FOR CONDEMNATION OF PROPERTY FOR TRANSPORTATION PURPOSES PURSUANT TO THIS ARTICLE, THE DEPARTMENT SHALL DELIVER TO THE PROPERTY OWNER OF RECORD AND THE SOLE LESSEE OF RECORD, IF APPLICABLE, ACCORDING TO THE RECORDS OF THE COUNTY RECORDER IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED:

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- 1. A WRITTEN OFFER TO PURCHASE THE PROPERTY OR INTEREST IN THE PROPERTY AND TO PAY JUST COMPENSATION FOR THE PROPERTY OR INTEREST IN THE PROPERTY AND FOR ANY COMPENSABLE DAMAGES TO ANY REMAINING PROPERTY. THE OFFER MUST CONSTITUTE THE DEPARTMENT'S ESTIMATE OF JUST COMPENSATION.
- 2. ONE OR MORE APPRAISALS THAT SUPPORT THE AMOUNT OF THE PROPOSED COMPENSATION.
- C. IF NO LEASE IS RECORDED OR IF MORE THAN ONE LEASE IS RECORDED FOR THE PROPERTY WITH THE COUNTY RECORDER OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, AT LEAST TWENTY DAYS BEFORE FILING AN ACTION FOR CONDEMNATION OF PROPERTY OR ANY INTEREST IN PROPERTY, THE DEPARTMENT SHALL PROVIDE NOTICE OF THE OFFER AND APPRAISAL TO THE PARTY HAVING A PLAIN AND OBVIOUS COMMERCIAL OWNERSHIP OR OPERATIONAL INTEREST IN SUBSTANTIAL IMPROVEMENTS ON THE PROPERTY BY POSTING THE NOTICE IN PLAIN SIGHT AT THE PROPERTY THAT MAY BE SUBJECT TO CONDEMNATION. IF A LESSEE THAT IS NOT NOTED IN THE RECORD OF THE COUNTY RECORDER AND HAS A COMMERCIAL OWNERSHIP OR OPERATIONAL INTEREST IN SUBSTANTIAL IMPROVEMENTS ON THE PROPERTY REQUESTS A COPY OF THE OFFER AND APPRAISAL THE PLAINTIFF SHALL PROMPTLY COMPLY WITH THE REQUEST UPON PRESENTATION OF DOCUMENTATION BY THE LESSEE OF ITS INTEREST IN THE PROPERTY.
- 8. D. The department's initial offer of just compensation to the aggregate of those persons with an interest in the property shall not be less than the lowest of the appraisals prepared by or for the department.
- C. E. At any time after the department has filed a condemnation action and on request, it shall promptly provide to any person in interest a copy of the appraisal of the property on which the department's most recent offer is based.
- F. THE SUPERIOR COURT MAY WAIVE THE REQUIREMENTS OF SUBSECTION A OR B IF THE COURT DETERMINES THAT THE PLAINTIFF WILL SUFFER IMMEDIATE AND IRREPARABLE HARM THAT OUTWEIGHS THE PROPERTY OWNER'S OR LESSEE'S INTEREST.
 - Sec. 7. Section 28-7100, Arizona Revised Statutes, is amended to read: 28-7100. <u>Dismissal of condemnation action</u>
- A. Before payment of the compensation and damages awarded the defendants by the court or jury, the director may abandon the proceedings and cause the condemnation action to be dismissed without prejudice, except that the director shall not initiate any eminent domain proceeding with respect to the same property for the same or a related project for at least two years after the date of the verdict or judgment.
- 8. The court may require that reasonable attorney fees, expert witness fees and costs be paid as a condition of dismissal.
 - Sec. 8. Section 28-7153, Arizona Revised Statutes, is amended to read: 28-7153. <u>Condemnation; litigation expenses</u>
- A. The court having jurisdiction of a proceeding instituted by the department to acquire real property by condemnation shall award the owner of any right to, title to or interest in the real property an amount that will reimburse the owner for the owner's reasonable costs, disbursements and expenses, including reasonable attorney, appraisal and engineering fees,

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actually incurred because of the condemnation proceedings, if either ANY of the following occurs:

- 1. The final judgment is that the department cannot acquire the real property by condemnation.
- 2. The proceeding is abandoned OR DISMISSED ON A MOTION by the department as authorized by section 28-7100.
- B. The court rendering a judgment for the plaintiff in a proceeding brought under section 28-7052 awarding compensation for the taking of property by the department in effecting a settlement of that proceeding shall determine and award to the plaintiff, as a part of the judgment or settlement, an amount that in the opinion of the court or the department will reimburse the plaintiff for the plaintiff's reasonable costs, disbursements and expenses, including reasonable attorney, appraisal and engineering fees, actually incurred because of the proceeding.

APPROVED BY THE COVERNOR MAY 20, 2002.

FILES IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2002.



	An. 12 30 02
Passed the House April 8, 2002,	Passed the Senate April 30, 2002
by the following vote: Ayes,	by the following vote: 27 Ayes,
ONays,Not Voting	Nays, 3 Not Voting
Speakey of the House	President of the Senate
Jornan L. Moore Chief Clerk of the House	Secretary of the Senate
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Governor of Arizona	EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF SPATE
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	at o'clock M.
	Secretary of State

HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE

May 15, 2002,
by the following vote: 56 Ayes,
Nays, 4 Not Voting
Speaker of the House Speaker of the House Chief Clerk of the House
EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF GOVERNOR
This Bill was received by the Governor this
Approved this day of
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EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

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H.B. 2447